

By Al Luna

H.B. No. 2387

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of a college and university savings bonds program and the development of an educational program designed to inform the public about matters concerning the financing of a college education; authorizing the issuance of bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 56, Education Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. COLLEGE AND UNIVERSITY SAVINGS BONDS PROGRAM

PART I. GENERAL PROVISIONS

Sec. 56.071. DEFINITIONS. In this subchapter:

(1) "Advisory board" means the college and university savings bonds advisory board created under this subchapter.

(2) "Fund" means the college and university savings bonds fund created in the state treasury by Article III, Section 50b-2, of the Texas Constitution.

(3) "Program" means the college and university savings bonds program established under this subchapter.

(4) "Savings bonds" means the general obligation bonds to be known as college and university savings bonds authorized under Article III, Section 50b-2, of the Texas Constitution.

[Sections 56.072-56.080 reserved for expansion]

PART II. ADMINISTRATION

1 Sec. 56.081. ESTABLISHMENT OF SAVINGS BONDS PROGRAM. The
2 college and university savings bonds program is established to
3 provide the public with a method of saving that encourages
4 enrollment at public and private postsecondary educational
5 institutions.

6 Sec. 56.082. ADMINISTRATION. (a) The state treasurer and
7 governor, as provided by this subchapter, shall:

8 (1) administer the savings bonds program; and

9 (2) supervise, organize, and evaluate the college and
10 university savings bonds advisory board.

11 (b) The state treasurer may adopt any rules necessary to
12 carry out the purposes of this subchapter.

13 Sec. 56.083. FINANCIAL INCENTIVES. (a) The state treasurer
14 and governor shall provide for financial incentives to be provided
15 to holders of savings bonds to encourage the enrollment of students
16 at public institutions of higher education. For purposes of this
17 section, "institution of higher education" has the meaning assigned
18 by Section 61.003 of this code.

19 (b) Financial incentives may be in the form determined by
20 the state treasurer and governor at the time of the authorization
21 of the savings bonds, including supplemental payments to the
22 holders of savings bonds at maturity to be applied to tuition and
23 fees at public institutions of higher education.

24 (c) The amount of financial incentives provided under this
25 section during a state fiscal biennium may not exceed the amount
26 equal to one-half of one percent of the total amount of savings
27 bonds maturing during that biennium.

1 Sec. 56.084. EFFECT ON OTHER FINANCIAL AID. In determining
2 the eligibility of a student for a scholarship, grant, or other
3 monetary assistance awarded by a state agency, contributions made
4 for the benefit of the student toward the purchase of the first
5 \$25,000 of savings bonds may not be considered:

6 (1) in determining the amount of financial assistance
7 to provide the student;

8 (2) a financial resource of the student; or

9 (3) a form of financial aid or assistance to the
10 student.

11 [Sections 56.085-56.100 reserved for expansion]

12 PART III. ADVISORY BOARD

13 Sec. 56.101. COMPOSITION OF ADVISORY BOARD. (a) The
14 college and university savings bonds advisory board consists of:

15 (1) the comptroller of public accounts, the state
16 treasurer, and the commissioner of higher education, who serve as
17 ex officio members; and

18 (2) three members of the public appointed by the
19 governor with the advice and consent of the senate.

20 (b) The public members of the advisory board must have
21 knowledge, skill, and experience in the academic, business, or
22 financial field.

23 (c) Appointments to the advisory board shall be made without
24 regard to the race, color, handicap, sex, religion, age, or
25 national origin of the appointees.

26 (d) An ex officio member of the advisory board may appoint a
27 deputy to serve as a voting member of the board in the absence of

1 the member.

2 Sec. 56.102. TERMS. Public members serve for six-year
3 staggered terms.

4 Sec. 56.103. OFFICERS. The advisory board shall elect a
5 presiding officer and other officers as it considers necessary.

6 Sec. 56.104. VACANCY. The governor shall fill a vacancy
7 among the public members of the advisory board by appointment for
8 the unexpired term.

9 Sec. 56.105. REIMBURSEMENT FOR EXPENSES. A public member
10 serves without compensation for duties performed as an advisory
11 board member, but is entitled to a per diem and reimbursement for
12 travel and other necessary expenses incurred in performing official
13 duties in amounts provided by the General Appropriations Act.

14 Sec. 56.106. BOARD MEETINGS. The advisory board shall meet
15 at the call of the presiding officer.

16 Sec. 56.107. POWERS AND DUTIES. The advisory board shall:

17 (1) make recommendations to the state treasurer
18 concerning the marketing of the savings bonds to ensure their broad
19 distribution in the state for educational purposes;

20 (2) advise the state treasurer on an effective
21 advertising campaign to inform the public about the savings bonds;

22 (3) advise the state treasurer and the governor
23 concerning the increments in which to market the savings bonds and
24 recommend maturity dates that will make funds available to
25 purchasers at the time when such funds are needed for educational
26 purposes;

27 (4) advise the state treasurer and the governor on

1 limits that may be imposed on the amount of savings bonds that may
2 be purchased by individual households;

3 (5) advise the state treasurer and the governor on the
4 minimum denominations to market the savings bonds so that they are
5 affordable by individuals;

6 (6) advise the state treasurer and governor concerning
7 the form and amount of financial incentives provided under Section
8 56.083 of this subchapter;

9 (7) evaluate the feasibility of staggered or periodic
10 forms of payments for savings bonds and advise the state treasurer
11 and governor concerning the results of those evaluations;

12 (8) assess the effectiveness of the program and
13 recommend constructive changes to the state treasurer and governor
14 concerning future savings bonds sales; and

15 (9) study and review alternative investment
16 instruments concerning their suitability for a college savings
17 program.

18 [Sections 56.108-56.120 reserved for expansion]

19 PART IV. BONDS

20 Sec. 56.121. AUTHORITY TO ISSUE. (a) The state treasurer
21 shall issue and sell savings bonds authorized under Article III,
22 Section 50b-2, of the Texas Constitution.

23 (b) The savings bonds may be sold in the manner and in the
24 amounts determined by the state treasurer and the governor.

25 (c) Savings bonds may be sold at a negotiated sale if the
26 state treasurer and the governor determine that a negotiated sale
27 will result in either a more efficient and economic sale of the

1 savings bonds or greater access to the savings bonds by residents
2 of the state.

3 (d) If any savings bonds are sold at a negotiated sale, the
4 underwriter to which the savings bonds are sold shall, in the state
5 treasurer's judgment, have sufficient capability to make a broad
6 distribution of the savings bonds to investors resident in the
7 state.

8 Sec. 56.122. GENERAL OBLIGATION. The savings bonds issued
9 under this subchapter are general obligations of this state.

10 Sec. 56.123. TERMS. (a) Savings bonds issued under this
11 subchapter must mature serially or otherwise not more than 20 years
12 after they are issued.

13 (b) The savings bonds may be sold at a price or under the
14 terms that the state treasurer and governor determine to be the
15 most advantageous reasonably obtainable.

16 (c) The savings bonds must be zero coupon bonds.

17 (d) The savings bonds may not be redeemed by the state
18 before maturity.

19 Sec. 56.124. MANDAMUS. The performance of official duties
20 prescribed by this subchapter and Article III, Section 50b-2, of
21 the Texas Constitution, in reference to the payment of the savings
22 bonds, may be enforced in a court of competent jurisdiction by
23 mandamus or other appropriate proceedings.

24 Sec. 56.125. REPLACEMENT OF BOND. The state treasurer may
25 provide for the replacement of any savings bond that is mutilated,
26 lost, or destroyed.

27 Sec. 56.126. USE OF PROCEEDS; SAVINGS BONDS FUND. (a)

1 Proceeds from the sale of savings bonds shall be deposited in the
2 state treasury to the credit of the college and university savings
3 bonds fund created by Article III, Section 50b-2, of the Texas
4 Constitution.

5 (b) The state treasurer shall establish within the fund a
6 reserve account and shall maintain in the account sufficient funds
7 to redeem the bonds as they mature.

8 (c) Expenses of issuing and selling the savings bonds may be
9 paid from the proceeds of the sale of the bonds.

10 Sec. 56.127. MANAGEMENT. (a) Money in the fund may be
11 invested by the state treasurer in investments authorized for the
12 investment of state funds generally. Income from those investments
13 shall be credited to the general revenue fund.

14 (b) Money in the fund is available for temporary transfers
15 to other funds under Section 403.092, Government Code.

16 Sec. 56.128. EXEMPTION FROM TAXATION. Savings bonds issued
17 under this subchapter may not be taxed by the state or any of its
18 political subdivisions.

19 Sec. 56.129. DUTIES OF COMPTROLLER OF PUBLIC ACCOUNTS AND
20 TREASURER. The comptroller of public accounts shall make transfers
21 required under this subchapter, and the state treasurer shall
22 redeem the savings bonds as they mature and come due.

23 SECTION 2. Subchapter C, Chapter 61, Education Code, is
24 amended by adding Section 61.078 to read as follows:

25 Sec. 61.078. EDUCATIONAL PROGRAM CONCERNING OPTIONS FOR
26 FINANCING A COLLEGE EDUCATION. (a) The board shall develop and
27 implement an educational program designed to inform the public,

1 especially parents, about the projected costs of a college
2 education, options available for financing a college education, and
3 the benefits of accumulating the financial resources necessary to
4 pay for a college education.

5 (b) The board shall include in the educational program
6 developed by the board under this section a marketing strategy
7 designed to inform the public about the benefits of the college and
8 university savings bonds program established under Subchapter E,
9 Chapter 56, of this code. The board shall work in cooperation with
10 the college and university savings bonds advisory board, the state
11 treasurer, and the governor in developing the marketing strategy
12 for the savings bonds program.

13 SECTION 3. (a) The college and university savings bonds
14 advisory board is created. In making initial appointments of
15 public members to the advisory board, the governor shall designate
16 one member to serve for a term expiring February 1, 1991, one for a
17 term expiring February 1, 1993, and one for a term expiring
18 February 1, 1995.

19 (b) Not later than September 1, 1991, the Texas Higher
20 Education Coordinating Board shall report to the legislature and
21 the governor concerning the effectiveness of the educational
22 program developed under Section 61.078, Education Code, as added by
23 this Act.

24 SECTION 4. This Act takes effect January 1, 1990, but only
25 if the constitutional amendment proposed by the 71st Legislature,
26 Regular Session, 1989, authorizing the issuance of general
27 obligation bonds to provide the public with an investment

1 alternative to use in financing a college education, is approved by
2 the voters. If that amendment is not approved, this Act has no
3 effect.

4 SECTION 5. The importance of this legislation and the
5 crowded condition of the calendars in both houses create an
6 emergency and an imperative public necessity that the
7 constitutional rule requiring bills to be read on three several
8 days in each house be suspended, and this rule is hereby suspended.

H. B. No.

2387

By

Al Luna

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relating to the establishment of a college and university savings bonds program and the development of an educational program designed to inform the public about matters concerning the financing of a college education; authorizing the issuance of bonds.

MAR 9 1989

1. Filed with the Chief Clerk.

MAR 22 1989

2. Read first time and Referred to Committee on

Appropriations

3. Reported favorably (as amended) (as substituted) and sent to Printer at

4. Printed and distributed at

5. Sent to Committee on Calendars at

6. Read second time (amended); passed to third reading (failed) by (Non-Record Vote) (Record Vote of years, nays, present, not voting).

7. Motion to reconsider and table the vote by which H.B. was ordered engrossed prevailed (failed) by a (Non-Record Vote) (Record Vote of years, nays, and present, not voting).

8. Constitutional Rule requiring bills to be read on three several days suspended (failed to suspend) by a four-fifths vote of years, nays, and present, not voting.

9. Read third time (amended); finally passed (failed) by (Non-Record Vote) (Record Vote of years, nays, present, not voting).

10. Caption ordered amended to conform to body of bill.

11. Motion to reconsider and table the vote by which H. B. was finally passed prevailed (failed) by a (Non-Record Vote) (Record Vote of years, nays, and present, not voting).

12. Ordered Engrossed at

13. Engrossed.

14. Returned to Chief Clerk at

15. Sent to Senate.

Chief Clerk of the House

16. Received from the House

17. Read, referred to Committee on

18. Reported favorably

19. Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

20. Ordered not printed.

21. Regular order of business suspended by (a viva voce vote.) (years, nays.)

_____ 22. To permit consideration, reading and passage, Senate and Constitutional Rules
suspended by vote of _____ yeas, _____ nays.

_____ 23. Read second time _____ passed to third reading by:
(a viva voce vote.)
(_____ yeas, _____ nays.)

_____ 24. Caption ordered amended to conform to body of bill.

_____ 25. Senate and Constitutional 3-Day Rules suspended by vote of _____ yeas,
_____ nays to place bill on third reading and final passage.

_____ 26. Read third time and passed by
(a viva voce vote.)
(_____ yeas, _____ nays.)

OTHER ACTION:

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Secretary of the Senate

_____ 27. Returned to the House.

_____ 28. Received from the Senate (with amendments.)
(as substituted.)

_____ 29. House (Concurred) (Refused to Concur) in Senate (Amendments)
(Substitute) by a (Non-Record
Vote) (Record Vote of _____ yeas, _____ nays, _____ present,
not voting).

_____ 30. Conference Committee Ordered.

_____ 31. Conference Committee Report Adopted (Rejected) by a (Non-Record Vote) (Record
Vote of _____ yeas, _____ nays, and _____ present, not voting).

_____ 32. Ordered Enrolled at _____

1842